



NEWS RELEASE

Park National Corporation reports financial results for third quarter and first nine months of 2019

10/28/2019

NEWARK, Ohio, Oct. 28, 2019 (GLOBE NEWSWIRE) -- Park National Corporation (Park) (NYSE American: PRK) today reported financial results for the third quarter and first nine months of 2019 (three and nine months ended September 30, 2019). Park's board of directors declared a quarterly cash dividend of \$1.01 per common share, payable on December 10, 2019 to common shareholders of record as of November 15, 2019.

"We continue to benefit from welcoming our newest banking teams into our family," said Park Chairman David Trautman. In the past two years, Park has added NewDominion Bank Division (Charlotte, NC) and Carolina Alliance Bank Division (Spartanburg, SC), as well as a Park National Bank division team in Louisville, KY. "Our colleagues remain unrelenting in their efforts to share resources and information, further uniting our divisions and serving customers and prospects more."

Park's net income for the third quarter of 2019 was \$31.1 million, a 25.8 percent increase from \$24.8 million for the third quarter of 2018. Third quarter 2019 net income per diluted common share was \$1.89, compared to \$1.56 in the third quarter of 2018. Park's net income for first nine months of 2019 was \$78.8 million, a 6.4 percent decrease from \$84.1 million for first nine months of 2018. Net income per diluted common share was \$4.84 for the first nine months of 2019, compared to \$5.41 for the first nine months of 2018.

"Our financial performance and earnings per share include some effects of our recent partnerships with NewDominion Bank and Carolina Alliance Bank," said Park President Matthew Miller. "Our investments into growth

markets, among other activities, include some one-time revenue and expenses. Those influence comparisons between 2019 and 2018 results, as exhibited in the financial tables.”

Park's community-banking subsidiary, The Park National Bank, reported net income of \$30.9 million for the third quarter of 2019, an 11.1 percent increase from \$27.9 million reported for the third quarter of 2018. The bank reported net income of \$87.0 million for the first nine months of 2019, compared to \$83.4 million for the first nine months of 2018. In the first nine months of 2019, the bank (not including loans from the Carolina Alliance Bank Division) grew installment loans by 13.2 percent annualized, real estate loans by 2.0 percent annualized and total deposits by 5.6 percent annualized.

Headquartered in Newark, Ohio, Park National Corporation had \$8.7 billion in total assets (as of September 30, 2019). Park's banking operations are conducted through Park subsidiary The Park National Bank and its divisions, which include Fairfield National Bank Division, Richland Bank Division, Century National Bank Division, First-Knox National Bank Division, United Bank, N.A. Division, Second National Bank Division, Security National Bank Division, Unity National Bank Division, The Park National Bank of Southwest Ohio & Northern Kentucky Division, NewDominion Bank Division and Carolina Alliance Bank Division. Park also includes Scope Leasing, Inc. (d.b.a. Scope Aircraft Finance), Guardian Financial Services Company (d.b.a. Guardian Finance Company) and SE Property Holdings, LLC.

Complete financial tables are listed below.

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SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Park cautions that any forward-looking statements contained in this News Release or made by management of Park are provided to assist in the understanding of anticipated future financial performance. Forward-looking statements provide current expectations or forecasts of future events and are not guarantees of future performance. The forward-looking statements are based on management's expectations and are subject to a number of risks and uncertainties. Although management believes that the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially from those expressed or implied in such statements. Risks and uncertainties that could cause actual results to differ materially include, without limitation: Park's ability to execute our business plan successfully and within the expected timeframe; general economic and financial market conditions, specifically in the real estate markets and the credit markets, either nationally or in the states in which Park and our subsidiaries do business, may experience a slowing or reversal of the current economic expansion in addition to continuing residual effects of recessionary conditions and an uneven spread of

positive impacts of recovery on the economy and our counterparties, resulting in adverse impacts on the demand for loan, deposit and other financial services, delinquencies, defaults and counterparties' inability to meet credit and other obligations and the possible impairment of collectability of loans; changes in interest rates and prices may adversely impact prepayment penalty income, mortgage banking income, the value of securities, loans, deposits and other financial instruments and the interest rate sensitivity of our consolidated balance sheet as well as reduce interest margins and impact loan demand; changes in consumer spending, borrowing and saving habits, whether due to tax reform legislation, changes in retail distribution strategies, consumer preferences and behavior, changes in business and economic conditions, legislative and regulatory initiatives, or other factors; changes in unemployment; changes in customers', suppliers', and other counterparties' performance and creditworthiness; the adequacy of our internal controls and risk management program in the event of changes in the market, economic, operational, asset/liability repricing, legal, compliance, strategic, cybersecurity, liquidity, credit and interest rate risks associated with Park's business; disruption in the liquidity and other functioning of U.S. financial markets; our liquidity requirements could be adversely affected by changes to regulations governing bank and bank holding company capital and liquidity standards as well as by changes in our assets and liabilities; competitive factors among financial services organizations could increase significantly, including product and pricing pressures (which could in turn impact our credit spreads), customer acquisition and retention, changes to third-party relationships and revenues, changes in the manner of providing services, customer acquisition and retention pressures, and our ability to attract, develop and retain qualified banking professionals; customers could pursue alternatives to bank deposits, causing us to lose a relatively inexpensive source of funding; uncertainty regarding the nature, timing, cost and effect of changes in banking regulations or other regulatory or legislative requirements affecting the respective businesses of Park and our subsidiaries, including major reform of the regulatory oversight structure of the financial services industry and changes in laws and regulations concerning taxes, pensions, bankruptcy, consumer protection, rent regulation and housing, financial accounting and reporting, environmental protection, insurance, bank products and services, bank capital and liquidity standards, fiduciary standards, securities and other aspects of the financial services industry, specifically the reforms provided for in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and the Basel III regulatory capital reforms, as well as regulations already adopted and which may be adopted in the future by the relevant regulatory agencies, including the Consumer Financial Protection Bureau, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board, to implement the Dodd-Frank Act's provisions, and the Basel III regulatory capital reforms; the effects of easing restrictions on participants in the financial services industry; the effect of changes in accounting policies and practices, as may be adopted by the Financial Accounting Standards Board (the "FASB"), the SEC, the Public Company Accounting Oversight Board and other regulatory agencies, including the extent to which the new current expected credit loss rule issued by the FASB in June 2016, which will require banks to record, at the time of origination, credit losses expected throughout the life of the asset portfolio on loans and HTM securities, as opposed to the current practice of recording losses which it is probable that a loss event has occurred, may adversely affect Park's reported financial condition or

results of operations; Park's assumptions and estimates used in applying critical accounting policies, which may prove unreliable, inaccurate or not predictive of actual results; changes in law and policy accompanying the current presidential administration and uncertainty or speculation pending the enactment of such changes; significant changes in the tax laws, which may adversely affect the fair values of net deferred tax assets and obligations of state and political subdivisions held in Park's investment securities portfolio; the impact of our ability to anticipate and respond to technological changes on our ability to respond to customer needs and meet competitive demands; operational issues stemming from and/or capital spending necessitated by the potential need to adapt to industry changes in information technology systems on which Park and our subsidiaries are highly dependent; the ability to secure confidential information and deliver products and services through the use of computer systems and telecommunications networks; a failure in or breach of our operational or security systems or infrastructure, or those of our third-party vendors and other service providers, resulting in failures or disruptions in customer account management, general ledger, deposit, loan, or other systems, including as a result of cyber attacks; the existence or exacerbation of general geopolitical instability and uncertainty; the effect of trade policies (including the impact of potential or imposed tariffs, a U.S. withdrawal from or significant renegotiation of trade agreements, trade wars and other changes in trade regulations and changes in the relationship of the U.S. and its global trading partners), monetary and other fiscal policies (including the impact of money supply and interest rate policies to the Federal Reserve Board) and other governmental policies of the U.S. federal government; the impact on financial markets and the economy of any changes in the credit ratings of the U.S. Treasury obligations and other U.S. government - backed debt, as well as issues surrounding the levels of U.S., European and Asian government debt and concerns regarding the creditworthiness of certain sovereign governments, supranationals and financial institutions in Europe and Asia; the uncertainty surrounding the actions to be taken to implement the referendum by United Kingdom voters to exit the European Union; our litigation and regulatory compliance exposure, including the costs and effects of any adverse developments in legal proceedings or other claims and the costs and effects of unfavorable resolution of regulatory and other governmental examinations or other inquiries; continued availability of earnings and excess capital sufficient for the lawful and prudent declaration of dividends; fraud, scams and schemes of third parties; the impact of widespread natural and other disasters, pandemics, dislocations, civil unrest, terrorist activities or international hostilities on the economy and financial markets generally and on us or our counterparties specifically; the effect of healthcare laws in the U.S. and potential changes for such laws which may increase our healthcare and other costs and negatively impact our operations and financial results; Park's ability to integrate recent acquisitions (including CAB Financial Corporation ("CAB")) as well as to identify, make or integrate any future suitable strategic acquisitions, which may be unsuccessful, or may be more difficult, time-consuming or costly than expected; risk and uncertainties associated with Park's entry into new geographic markets with its recent acquisitions, including expected revenue synergies and cost savings from the merger of Park and CAB not being fully realized or realized within the expected time frame; revenues following the merger of Park and CAB may be lower than expected; customer and employee relationships and business operations may be disrupted by the merger of Park and CAB; Park issued equity securities in the acquisitions of NewDominion Bank and CAB and

may issue equity securities in connection with future acquisitions, which could cause ownership and economic dilution to Park's current shareholders; the discontinuation of LIBOR and other reference rates which may result in increased expenses and litigation, and adversely impact the effectiveness of hedging strategies; and other risk factors relating to the banking industry as detailed from time to time in Park's reports filed with the SEC including those described in "Item 1A. Risk Factors" of Part I of Park's Annual Report on Form 10-K for the fiscal year ended December 31, 2018. Park does not undertake, and specifically disclaims any obligation, to publicly release the results of any revisions that may be made to update any forward-looking statement to reflect the events or circumstances after the date on which the forward-looking statement was made, or reflect the occurrence of unanticipated events, except to the extent required by law.

PARK NATIONAL CORPORATION

Financial Highlights

As of or for the three months ended September 30, 2019, June 30, 2019, and September 30, 2018

(in thousands, except share and per share data)	2019 3rd QTR	2019 2nd QTR	2018 3rd QTR	Percent change vs.		
				2Q '19	3Q '18	
INCOME STATEMENT:						
Net interest income	\$77,101	\$75,851	\$67,676	1.6	% 13.9	%
Provision for loan losses	1,967	1,919	2,940	2.5	%(33.1))%
Other income	28,136	22,808	24,064	23.4	% 16.9	%
Other expense	65,738	70,192	59,316	(6.3)	)%10.8)%
Income before income taxes	\$37,532	\$26,548	\$29,484	41.4	% 27.3	%
Income taxes	6,386	4,385	4,722	45.6	% 35.2	%
Net income	\$31,146	\$22,163	\$24,762	40.5	% 25.8	%
MARKET DATA:						
Earnings per common share - basic (b)	\$1.90	\$1.34	\$1.58	41.8	% 20.3	%
Earnings per common share - diluted (b)	1.89	1.33	1.56	42.1	% 21.2	%
Cash dividends declared per common share	1.01	1.01	0.96	—	% 5.2	%
Book value per common share at period end	58.54	56.92	51.58	2.8	% 13.5	%
Market price per common share at period end	94.81	99.39	105.56	(4.6)	)% (10.2))%
Market capitalization at period end	1,548,527	1,631,741	1,655,870	(5.1)	)% (6.5))%
Weighted average common shares - basic (a)	16,382,798	16,560,545	15,686,542	(1.1)	)% 4.4	%
Weighted average common shares - diluted (a)	16,475,741	16,642,571	15,832,734	(1.0)	)% 4.1	%
Common shares outstanding at period end	16,332,951	16,417,562	15,686,532	(0.5)	)% 4.1	%
PERFORMANCE RATIOS: (annualized)						
Return on average assets (a)(b)	1.41	%1.04	%1.26	% 35.6	% 11.9	%
Return on average shareholders' equity (a)(b)	13.07	%9.49	%12.11	% 37.7	% 7.9	%
Yield on loans	5.25	%5.23	%4.95	% 0.4	% 6.1	%
Yield on investment securities	2.72	%2.78	%2.76	%(2.2)	)% (1.4))%
Yield on money market instruments	2.43	%2.64	%1.95	%(8.0)	)% 24.6	%
Yield on interest earning assets	4.73	%4.76	%4.46	%(0.6)	)% 6.1	%
Cost of interest bearing deposits	1.08	%1.04	%0.83	% 3.8	% 30.1	%
Cost of borrowings	2.25	%2.15	%1.88	% 4.7	% 19.7	%
Cost of paying interest bearing liabilities	1.19	%1.16	%0.95	% 2.6	% 25.3	%
Net interest margin (g)	3.86	%3.92	%3.77	%(1.5)	)% 2.4	%
Efficiency ratio (g)	62.03	%70.61	%64.16	%(12.2)	)% (3.3))%
OTHER RATIOS (NON-GAAP):						
Tangible book value per share (d)	\$47.92	\$46.30	\$43.93	3.5	% 9.1	%

Note: Explanations for footnotes (a) - (i) are included at the end of the financial tables in the "Financial Reconciliations" section.

PARK NATIONAL CORPORATION

Financial Highlights (continued)

As of or for the three months ended September 30, 2019, June 30, 2019, and September 30, 2018

Percent change vs.

(in thousands, except ratios)	September 30, 2019	June 30, 2019	September 30, 2018	2Q '19	3Q '18	
BALANCE SHEET:						
Investment securities	\$ 1,328,930	\$ 1,396,530	\$ 1,439,011	(4.8)	%(7.6))%
Loans	6,403,647	6,376,737	5,625,323	0.4	% 13.8)%
Allowance for loan losses	55,853	54,003	50,246	3.4	% 11.2)%
Goodwill and other intangible assets	173,489	174,288	119,999	(0.5)	%(44.6))%
Other real estate owned (OREO)	3,779	3,839	5,276	(1.6)	%(28.4))%
Total assets	8,723,610	8,657,453	7,756,491	0.8	% 12.5)%
Total deposits	7,168,259	7,032,120	6,279,326	1.9	% 14.2)%
Borrowings	498,338	595,578	594,818	(16.3)	%(16.2))%
Total shareholders' equity	956,140	934,432	809,091	2.3	% 18.2)%
Tangible equity (d)	782,651	760,144	689,092	3.0	% 13.6)%
Total nonperforming loans	111,184	86,833	83,281	28.0	% 33.5)%
Total nonperforming assets	118,561	94,168	95,727	25.9	% 23.9)%
ASSET QUALITY RATIOS:						
Loans as a % of period end total assets	73.41	%73.66	%72.52	% (0.3)	)%1.2)%
Total nonperforming loans as a % of period end loans	1.74	%1.36	%1.48	% 27.9	% 17.6)%
Total nonperforming assets as a % of period end loans + OREO + other nonperforming assets	1.85	%1.48	%1.70	% 25.0	% 8.8)%
Allowance for loan losses as a % of period end loans	0.87	%0.85	%0.89	% 2.4	%(2.2))%
Net loan charge-offs	\$ 117	\$ 1,284	\$ 2,146	(90.9)	%(94.5))%
Annualized net loan charge-offs as a % of average loans (a)	0.01	%0.08	%0.15	%(87.5)	%(93.3))%
CAPITAL & LIQUIDITY:						
Total shareholders' equity / Period end total assets	10.96	%10.79	%10.43	% 1.6	% 5.1)%
Tangible equity (d) / Tangible assets (f)	9.15	%8.96	%9.02	% 2.1	% 1.4)%
Average shareholders' equity / Average assets (a)	10.76	%10.92	%10.37	%(1.5)	%(3.8))%
Average shareholders' equity / Average loans (a)	14.83	%14.79	%14.46	% 0.3	% 2.6)%
Average loans / Average deposits (a)	88.63	%91.03	%88.36	%(2.6)	%(0.3))%

PARK NATIONAL CORPORATION
Financial Highlights
Nine months ended September 30, 2019 and September 30, 2018

(in thousands, except share and per share data and ratios)	2019 Nine months ended September 30	2018 Nine months ended September 30	Percent change vs '18	
INCOME STATEMENT:				
Net interest income	\$ 220,728	\$ 197,268	11.9)%
Provision for loan losses	6,384	4,586	39.2)%
Other income	72,969	74,209	(1.7))%
Other expense	192,757	166,158	16.0)%
Income before income taxes	\$ 94,556	\$ 100,733	(6.1))%
Income taxes	15,792	16,607	(4.9))%
Net income	\$ 78,764	\$ 84,126	(6.4))%
MARKET DATA:				
Earnings per common share - basic (b)	\$ 4.86	\$ 5.46	(11.0))%
Earnings per common share - diluted (b)	4.84	5.41	(10.5))%
Cash dividends declared per common share	3.23	3.11	3.9)%
Weighted average common shares - basic (a)	16,198,294	15,420,135	5.0)%
Weighted average common shares - diluted (a)	16,287,695	15,560,666	4.7)%
PERFORMANCE RATIOS: (annualized)				
Return on average assets (a)(b)	1.25	% 1.48	%(15.5))%
Return on average shareholders' equity (a)(b)	11.61	%14.57	%(20.3))%
Yield on loans	5.21	%4.93	% 5.7)%
Yield on investment securities	2.77	%2.71	% 2.2)%
Yield on money market instruments	2.53	%1.80	% 40.6)%
Yield on interest earning assets	4.72	%4.41	% 7.0)%
Cost of interest bearing deposits	1.03	%0.68	% 51.5)%
Cost of borrowings	2.13	%1.81	% 17.7)%
Cost of paying interest bearing liabilities	1.15	%0.82	% 40.2)%
Net interest margin (g)	3.88	%3.81	% 1.8)%
Efficiency ratio (g)	65.14	%60.73	% 7.3)%
ASSET QUALITY RATIOS:				

Net loan charge-offs	\$ 2,043	\$ 4,328	(52.8)%
Annualized net loan charge-offs as a % of average loans (a)	0.04	%0.11	% (63.6)%
CAPITAL & LIQUIDITY:				
Average shareholders' equity / Average assets (a)	10.80	%10.18	% 6.1	%
Average shareholders' equity / Average loans (a)	14.79	%14.29	% 3.5	%
Average loans / Average deposits (a)	90.10	%88.64	% 1.6	%

Note: Explanations for footnotes (a) - (i) are included at the end of the financial tables in the "Financial Reconciliations" section.

PARK NATIONAL CORPORATION
Consolidated Statements of Income

(in thousands, except share and per share data)	Three Months Ended		Nine Months Ended	
	September 30, 2019	2018	September 30, 2019	2018
Interest income:				
Interest and fees on loans	\$ 84,213	\$ 69,905	\$ 238,687	\$ 198,803
Interest on:				
Obligations of U.S. Government, its agencies and other securities - taxable	6,326	7,691	20,240	22,204
Obligations of states and political subdivisions - tax-exempt	2,225	2,205	6,750	6,557
Other interest income	1,825	428	2,994	1,070
Total interest income	94,589	80,229	268,671	228,634
Interest expense:				
Interest on deposits:				
Demand and savings deposits	9,649	6,412	25,553	13,809
Time deposits	4,694	3,328	12,828	8,765
Interest on borrowings	3,145	2,813	9,562	8,792
Total interest expense	17,488	12,553	47,943	31,366
Net interest income	77,101	67,676	220,728	197,268
Provision for loan losses	1,967	2,940	6,384	4,586
Net interest income after provision for loan losses	75,134	64,736	214,344	192,682
Other income	28,136	24,064	72,969	74,209
Other expense	65,738	59,316	192,757	166,158
Income before income taxes	37,532	29,484	94,556	100,733
Income taxes	6,386	4,722	15,792	16,607
Net income	\$ 31,146	\$ 24,762	\$ 78,764	\$ 84,126
Per Common Share:				
Net income - basic	\$ 1.90	\$ 1.58	\$ 4.86	\$ 5.46
Net income - diluted	\$ 1.89	\$ 1.56	\$ 4.84	\$ 5.41
Weighted average shares - basic	16,382,798	15,686,542	16,198,294	15,420,135
Weighted average shares - diluted	16,475,741	15,832,734	16,287,695	15,560,666
Cash dividends declared	\$ 1.01	\$ 0.96	\$ 3.23	\$ 3.11

PARK NATIONAL CORPORATION
Consolidated Balance Sheets

(in thousands, except share data)

September 30, 2019 December 31, 2018

Assets

Cash and due from banks	\$ 190,353	\$ 141,890
Money market instruments	182,373	25,324
Investment securities	1,328,930	1,428,145
Loans	6,403,647	5,692,132
Allowance for loan losses	(55,853)	(51,512)
Loans, net	6,347,794	5,640,620
Bank premises and equipment, net	72,779	59,771
Goodwill and other intangible assets	173,489	119,710
Other real estate owned	3,779	4,303
Other assets	424,113	384,545
Total assets	\$ 8,723,610	\$ 7,804,308

Liabilities and Shareholders' Equity

Deposits:		
Noninterest bearing	\$ 1,941,694	\$ 1,804,881
Interest bearing	5,226,565	4,455,979
Total deposits	7,168,259	6,260,860
Borrowings	498,338	636,966
Other liabilities	100,873	73,976
Total liabilities	\$ 7,767,470	\$ 6,971,802

Shareholders' Equity:

Preferred shares (200,000 shares authorized; no shares outstanding at September 30, 2019 and December 31, 2018)	\$ —	\$ —
Common shares (No par value; 20,000,000 shares authorized in 2019 and 2018; 17,623,208 shares issued at September 30, 2019 and 16,586,165 shares issued at December 31, 2018)	458,142	358,598
Accumulated other comprehensive loss, net of taxes	(12,614)	(49,788)
Retained earnings	639,594	614,069
Treasury shares (1,290,257 shares at September 30, 2019 and 887,987 shares at December 31, 2018)	(128,982)	(90,373)
Total shareholders' equity	\$ 956,140	\$ 832,506
Total liabilities and shareholders' equity	\$ 8,723,610	\$ 7,804,308

PARK NATIONAL CORPORATION
Consolidated Average Balance Sheets

(in thousands)

Three Months Ended
September 30,
2019 2018

Nine Months Ended
September 30,
2019 2018

Assets

Cash and due from banks	\$ 147,156	\$ 112,387	\$ 130,799	\$ 115,280
Money market instruments	298,441	87,143	158,395	79,256
Investment securities	1,339,292	1,472,504	1,380,629	1,476,522
Loans	6,371,323	5,609,813	6,133,386	5,401,631
Allowance for loan losses	(54,867)	(49,788)	(53,711)	(50,040)
Loans, net	6,316,456	5,560,025	6,079,675	5,351,591
Bank premises and equipment, net	73,077	56,987	68,437	56,536
Goodwill and other intangible assets	174,027	120,188	153,182	88,461
Other real estate owned	3,845	5,474	4,132	9,113
Other assets	433,398	411,788	426,438	405,039
Total assets	\$ 8,785,692	\$ 7,826,496	\$ 8,401,687	\$ 7,581,798

Liabilities and Shareholders' Equity

Deposits:				
Noninterest bearing	\$ 1,901,024	\$ 1,706,300	\$ 1,840,153	\$ 1,626,370
Interest bearing	5,287,851	4,642,530	4,967,106	4,467,206
Total deposits	7,188,875	6,348,830	6,807,259	6,093,576
Borrowings	553,595	594,109	599,223	649,925
Other liabilities	98,077	72,244	87,984	66,390

Total liabilities	\$ 7,840,547	\$ 7,015,183	\$ 7,494,466	\$ 6,809,891
Shareholders' Equity:				
Preferred shares	\$ —	\$ —	\$ —	\$ —
Common shares	457,029	356,768	424,213	324,245
Accumulated other comprehensive loss, net of taxes	(26,010)	) (55,615	) (36,383	) (50,543
Retained earnings	638,639	601,719	628,463	586,954
Treasury shares	(124,513)	) (91,559	) (109,072	) (88,749
Total shareholders' equity	\$ 945,145	\$ 811,313	\$ 907,221	\$ 771,907
Total liabilities and shareholders' equity	\$ 8,785,692	\$ 7,826,496	\$ 8,401,687	\$ 7,581,798

PARK NATIONAL CORPORATION
Consolidated Statements of Income - Linked Quarters

(in thousands, except per share data)	2019 3rd QTR	2019 2nd QTR	2019 1st QTR	2018 4th QTR	2018 3rd QTR
Interest income:					
Interest and fees on loans	\$ 84,213	\$ 82,471	\$ 72,003	\$ 72,342	\$ 69,905
Interest on:					
Obligations of U.S. Government, its agencies and other securities - taxable	6,326	6,919	6,995	7,275	7,691
Obligations of states and political subdivisions - tax-exempt	2,225	2,308	2,217	2,213	2,205
Other interest income	1,825	528	641	337	428
Total interest income	94,589	92,226	81,856	82,167	80,229
Interest expense:					
Interest on deposits:					
Demand and savings deposits	9,649	8,811	7,093	6,006	6,412
Time deposits	4,694	4,357	3,777	3,610	3,328
Interest on borrowings	3,145	3,207	3,210	2,921	2,813
Total interest expense	17,488	16,375	14,080	12,537	12,553
Net interest income	77,101	75,851	67,776	69,630	67,676
Provision for loan losses	1,967	1,919	2,498	3,359	2,940
Net interest income after provision for loan losses	75,134	73,932	65,278	66,271	64,736
Other income	28,136	22,808	22,025	26,892	24,064
Other expense	65,738	70,192	56,827	62,597	59,316
Income before income taxes	37,532	26,548	30,476	30,566	29,484
Income taxes	6,386	4,385	5,021	4,305	4,722
Net income	\$ 31,146	\$ 22,163	\$ 25,455	\$ 26,261	\$ 24,762
Per Common Share:					
Net income - basic	\$ 1.90	\$ 1.34	\$ 1.63	\$ 1.67	\$ 1.58
Net income - diluted	\$ 1.89	\$ 1.33	\$ 1.62	\$ 1.67	\$ 1.56

PARK NATIONAL CORPORATION
Detail of other income and other expense - Linked Quarters

(in thousands)	2019 3rd QTR	2019 2nd QTR	2019 1st QTR	2018 4th QTR	2018 3rd QTR
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Other income:					
Income from fiduciary activities	\$ 6,842	\$ 6,935	\$ 6,723	\$ 6,814	\$ 6,418
Service charges on deposit accounts	2,864	2,655	2,559	2,852	2,861
Other service income	4,260	4,040	2,818	3,279	3,246
Debit card fee income	5,313	5,227	4,369	4,581	4,352
Bank owned life insurance income	1,107	1,286	1,006	2,190	2,585
ATM fees	482	460	440	444	500
OREO valuation adjustments	(41)	(55)	(27)	(93)	(77)
(Loss) gain on the sale of OREO, net	(53)	(159)	(12)	142	(81)
Net gain (loss) on the sale of investment securities	186	(607)	—	—	—
Gain (loss) on equity securities, net	3,335	232	1,742	(17)	89
Other components of net periodic benefit income	1,183	1,183	1,183	1,705	1,705
Gain on the sale of loans	—	—	—	2,826	—
Miscellaneous	2,658	1,611	1,224	2,169	2,466
Total other income	\$ 28,136	\$ 22,808	\$ 22,025	\$ 26,892	\$ 24,064
Other expense:					
Salaries	\$ 30,713	\$ 32,093	\$ 25,805	\$ 27,103	\$ 27,229
Employee benefits	10,389	9,014	8,430	7,977	7,653
Occupancy expense	3,226	3,223	3,011	2,769	2,976
Furniture and equipment expense	4,177	4,386	4,150	4,170	3,807
Data processing fees	2,935	2,905	2,133	2,222	2,580
Professional fees and services	6,702	10,106	6,006	8,516	8,065
Marketing	1,604	1,455	1,226	1,377	1,364
Insurance	276	1,381	1,156	1,277	1,388
Communication	1,387	1,375	1,333	1,335	1,207
State tax expense	746	1,054	1,005	750	1,000
Amortization of intangible assets	741	702	289	289	289
Miscellaneous	2,842	2,498	2,283	4,812	1,758
Total other expense	\$ 65,738	\$ 70,192	\$ 56,827	\$ 62,597	\$ 59,316

PARK NATIONAL CORPORATION
Asset Quality Information

(in thousands, except ratios)	September 30, 2019	June 30, 2019	March 31, 2019	Year ended December 31,				
				2018	2017	2016	2015	
Allowance for loan losses:								
Allowance for loan losses, beginning of period	\$54,003	\$53,368	\$51,512	\$49,988	\$50,624	\$56,494	\$54,352	
Charge-offs	2,479	2,928	2,987	13,552	19,403	20,799	14,290	
Recoveries	2,362	1,644	2,345	7,131	10,210	20,030	11,442	
Net charge-offs	117	1,284	642	6,421	9,193	769	2,848	
Provision for (recovery of) loan losses	1,967	1,919	2,498	7,945	8,557	(5,101)	4,990	
Allowance for loan losses, end of period	\$55,853	\$54,003	\$53,368	\$51,512	\$49,988	\$50,624	\$56,494	
General reserve trends:								
Allowance for loan losses, end of period	\$55,853	\$54,003	\$53,368	\$51,512	\$49,988	\$50,624	\$56,494	
Specific reserves	3,083	2,379	2,468	2,273	684	548	4,191	
General reserves	\$52,770	\$51,624	\$50,900	\$49,239	\$49,304	\$50,076	\$52,303	
Total loans	\$6,403,647	\$6,376,737	\$5,740,760	\$5,692,132	\$5,372,483	\$5,271,857	\$5,068,085	
Impaired commercial loans	74,424	50,225	50,881	48,135	56,545	70,415	80,599	
Total loans less impaired commercial loans	\$6,329,223	\$6,326,512	\$5,689,879	\$5,643,997	\$5,315,938	\$5,201,442	\$4,987,486	
Asset Quality Ratios:								
Net charge-offs as a % of average loans (annualized)	0.01	%0.08	%0.05	%0.12	%0.17	%0.02	%0.06	%
Allowance for loan losses as a % of period end loans	0.87	%0.85	%0.93	%0.90	%0.93	%0.96	%1.11	%
General reserves as a % of total loans less impaired commercial loans	0.83	%0.82	%0.89	%0.87	%0.93	%0.96	%1.05	%
General reserves as a % of total loans less impaired commercial loans (excluding performing acquired loans)	0.93	%0.92	%0.93	%0.91	% N.A.	N.A.	N.A.	%
Nonperforming assets:								
Nonaccrual loans	\$89,555	\$66,675	\$69,175	\$67,954	\$72,056	\$87,822	\$95,887	
Accruing troubled debt restructurings	18,382	17,759	15,757	15,173	20,111	18,175	24,979	
Loans past due 90 days or more	3,247	2,399	1,539	2,243	1,792	2,086	1,921	
Total nonperforming loans	\$111,184	\$86,833	\$86,471	\$85,370	\$93,959	\$108,083	\$122,787	

Other real estate owned - Park National Bank	2,982	3,042	3,114	2,788	6,524	6,025	7,456
Other real estate owned - SEPH	797	797	1,515	1,515	7,666	7,901	11,195
Other nonperforming assets - Park National Bank	3,598	3,496	3,496	3,464	4,849	—	—
Total nonperforming assets	\$118,561	\$94,168	\$94,596	\$93,137	\$112,998	\$122,009	\$141,438
Percentage of nonaccrual loans to period end loans	1.40	%1.05	%1.20	%1.19	%1.34	%1.67	%1.89
Percentage of nonperforming loans to period end loans	1.74	%1.36	%1.51	%1.50	%1.75	%2.05	%2.42
Percentage of nonperforming assets to period end loans	1.85	%1.48	%1.65	%1.64	%2.10	%2.31	%2.79
Percentage of nonperforming assets to period end total assets	1.36	%1.09	%1.20	%1.19	%1.50	%1.63	%1.93

PARK NATIONAL CORPORATION
Asset Quality Information (continued)

(in thousands, except ratios)	September 30, 2019	June 30, 2019	March 31, 2019	Year ended December 31,			
				2018	2017	2016	2015
New nonaccrual loan information:							
Nonaccrual loans, beginning of period	\$66,675	\$69,175	\$67,954	\$72,056	\$87,822	\$95,887	\$100,393
New nonaccrual loans	34,035	17,952	12,484	76,611	58,753	74,786	80,791
Resolved nonaccrual loans	11,155	20,452	11,263	80,713	74,519	82,851	85,297
Nonaccrual loans, end of period	\$89,555	\$66,675	\$69,175	\$67,954	\$72,056	\$87,822	\$95,887
Impaired commercial loan portfolio information (period end):							
Unpaid principal balance	\$80,057	\$56,338	\$61,838	\$59,381	\$66,585	\$95,358	\$109,304
Prior charge-offs	5,633	6,113	10,957	11,246	10,040	24,943	28,705
Remaining principal balance	74,424	50,225	50,881	48,135	56,545	70,415	80,599
Specific reserves	3,083	2,379	2,468	2,273	684	548	4,191
Book value, after specific reserves	\$71,341	\$47,846	\$48,413	\$45,862	\$55,861	\$69,867	\$76,408

PARK NATIONAL CORPORATION

Financial Reconciliations

NON-GAAP RECONCILIATIONS

(in thousands, except share and per share data)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2018
Net interest income	\$77,101	\$75,851	\$67,676	\$220,728
less purchase accounting accretion related to NewDominion and Carolina Alliance acquisitions	1,967	1,606	582	3,839
less interest income on former Vision Bank relationships	—	—	119	7
Net interest income - adjusted	\$75,134	\$74,245	\$66,975	\$216,882
Provision for loan losses	\$1,967	\$1,919	\$2,940	\$6,384
less recoveries on former Vision Bank relationships	(575)	(65)	(179)	(740)
Provision for loan losses - adjusted	\$2,542	\$1,984	\$3,119	\$7,124
Other income	\$28,136	\$22,808	\$24,064	\$72,969
less net (loss) gain on sale of former Vision Bank OREO properties	—	(139)	(118)	(139)
less gain on 8.55% prior investment in NewDominion	—	—	—	3,500
less other service income related to former Vision Bank relationships	52	—	24	52
less net gain (loss) on the sale of debt securities in the ordinary course of business	186	(607)	—	(421)
Other income - adjusted	\$27,898	\$23,554	\$24,158	\$73,477
Other expense	\$65,738	\$70,192	\$59,316	\$192,757
less merger related expenses related to NewDominion and Carolina Alliance acquisitions	658	6,058	3,323	6,992
less core deposit intangible amortization related to NewDominion and Carolina Alliance acquisitions	741	702	289	1,732
less FDIC assessment credit	(1,057)	—	—	(1,057)
less management and consulting expenses related to collection of payments on former Vision Bank loan relationships	—	—	36	—
less one-time incentive expense	—	—	—	—
Other expense - adjusted	\$65,396	\$63,432	\$55,668	\$185,090

Tax effect of adjustments to net income identified above (i)	\$ (512	) \$ 1,225	\$ 601	\$ 754	\$ (941)
Net income - reported	\$ 31,146	\$ 22,163	\$ 24,762	\$ 78,764	\$ 84,126	
Net income - adjusted	\$ 29,220	\$ 26,773	\$ 27,023	\$ 81,599	\$ 80,585	
Diluted EPS	\$ 1.89	\$ 1.33	\$ 1.56	\$ 4.84	\$ 5.41	
Diluted EPS, adjusted (h)	\$ 1.77	\$ 1.61	\$ 1.71	\$ 5.01	\$ 5.18	
Annualized return on average assets (a)(b)	1.41	% 1.04	% 1.26	% 1.25	% 1.48	%
Annualized return on average assets, adjusted (a)(b)(h)	1.32	% 1.25	% 1.37	% 1.30	% 1.42	%
Annualized return on average tangible assets (a)(b)(e)	1.43	% 1.06	% 1.27	% 1.28	% 1.50	%
Annualized return on average tangible assets, adjusted (a)(b)(e)(h)	1.35	% 1.28	% 1.39	% 1.32	% 1.44	%
Annualized return on average equity (a)(b)	13.07	% 9.49	% 12.11	% 11.61	% 14.57	%
Annualized return on average equity, adjusted (a)(b)(h)	12.27	% 11.47	% 13.21	% 12.03	% 13.96	%
Annualized return on average tangible equity (a)(b)(c)	16.02	% 11.53	% 14.21	% 13.97	% 16.46	%
Annualized return on average tangible equity, adjusted (a)(b)(c)(h)	15.03	% 13.92	% 15.51	% 14.47	% 15.76	%
Efficiency ratio (g)	62.03	% 70.61	% 64.16	% 65.14	% 60.73	%
Efficiency ratio, adjusted (g)(h)	63.02	% 64.36	% 60.61	% 63.26	% 60.62	%
Annualized net interest margin (g)	3.86	% 3.92	% 3.77	% 3.88	% 3.81	%
Annualized net interest margin, adjusted (g)(h)	3.76	% 3.84	% 3.73	% 3.81	% 3.74	%

Note: Explanations for footnotes (a) - (i) are included at the end of the financial tables in this "Financial Reconciliations" section.

(a) Averages are for the three months ended September 30, 2019, June 30, 2019 and September 30, 2018 and the nine months ended September 30, 2019 and September 30, 2018.

(b) Reported measure uses net income.

(c) Net income for each period divided by average tangible equity during the period. Average tangible equity equals average shareholders' equity during the applicable period less average goodwill and other intangible assets during the applicable period.

RECONCILIATION OF AVERAGE SHAREHOLDERS' EQUITY TO AVERAGE TANGIBLE EQUITY:

	THREE MONTHS ENDED		September 30,	NINE MONTHS ENDED	
	September 30,	June 30,	September 30,	September 30,	September 30,
	2019	2019	2018	2019	2018
AVERAGE SHAREHOLDERS' EQUITY	\$ 945,145	\$ 936,626	\$ 811,313	\$ 907,221	\$ 771,907
Less: Average goodwill and other intangible assets	174,027	165,311	120,188	153,182	88,461
AVERAGE TANGIBLE EQUITY	\$ 771,118	\$ 771,315	\$ 691,125	\$ 754,039	\$ 683,446

(d) Tangible equity divided by common shares outstanding at period end. Tangible equity equals total shareholders' equity less goodwill and other intangible assets, in each case at the end of the period.

RECONCILIATION OF TOTAL SHAREHOLDERS' EQUITY TO TANGIBLE EQUITY:

	September 30,	June 30,	September 30,
	2019	2019	2018
TOTAL SHAREHOLDERS' EQUITY	\$ 956,140	\$ 934,432	\$ 809,091
Less: Goodwill and other intangible assets	173,489	174,288	119,999
TANGIBLE EQUITY	\$ 782,651	\$ 760,144	\$ 689,092

(e) Net income for each period divided by average tangible assets during the period. Average tangible assets equals average assets less average goodwill and other intangible assets, in each case during the applicable period.

RECONCILIATION OF AVERAGE ASSETS TO AVERAGE TANGIBLE ASSETS

	THREE MONTHS ENDED		September 30,	NINE MONTHS ENDED	
	September 30,	June 30,	September 30,	September 30,	September 30,
	2019	2019	2018	2019	2018
AVERAGE ASSETS	\$ 8,785,692	\$ 8,576,495	\$ 7,826,496	\$ 8,401,687	\$ 7,581,798
Less: Average goodwill and other intangible assets	174,027	165,311	120,188	153,182	88,461
AVERAGE TANGIBLE ASSETS	\$ 8,611,665	\$ 8,411,184	\$ 7,706,308	\$ 8,248,505	\$ 7,493,337

(f) Tangible equity divided by tangible assets. Tangible assets equals total assets less goodwill and other intangible assets, in each case at the end of the period.

RECONCILIATION OF TOTAL ASSETS TO TANGIBLE ASSETS:

	September 30,	June 30,	September 30,
	2019	2019	2018
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TOTAL ASSETS	\$8,723,610	\$8,657,453	\$7,756,491
Less: Goodwill and other intangible assets	173,489	174,288	119,999
TANGIBLE ASSETS	\$8,550,121	\$8,483,165	\$7,636,492

(g) Efficiency ratio is calculated by dividing total other expense by the sum of fully taxable equivalent net interest income and other income. Fully taxable equivalent net interest income reconciliation is shown assuming a 21% corporate federal income tax rate. Additionally, net interest margin is calculated on a fully taxable equivalent basis by dividing fully taxable equivalent net interest income by average interest earning assets.

RECONCILIATION OF FULLY TAXABLE EQUIVALENT NET INTEREST INCOME TO NET INTEREST INCOME

	THREE MONTHS ENDED		September 30, 2018	NINE MONTHS ENDED	
	September 30, 2019	June 30, 2019		September 30, 2019	September 30, 2018
Interest income	\$94,589	\$92,226	\$80,229	\$268,671	\$228,634
Fully taxable equivalent adjustment	744	752	716	2,230	2,122
Fully taxable equivalent interest income	\$95,333	\$92,978	\$80,945	\$270,901	\$230,756
Interest expense	17,488	16,375	12,553	47,943	31,366
Fully taxable equivalent net interest income	\$77,845	\$76,603	\$68,392	\$222,958	\$199,390

(h) Adjustments to net income for each period presented are detailed in the non-GAAP reconciliations of net interest income, provision for loan losses, other income and other expense above.

(i) The tax effect of adjustments to net income was calculated assuming a 21% corporate federal income tax rate.

Source: Park National Corporation